

CITY OF HUNTINGTON BEACH

MEETING DATE: October 3, 2005

DEPARTMENT ID NUMBER: FD 05 012

Council/Agency Meeting Held: _____	City Clerk's Signature _____
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: October 3, 2005	Department ID Number: FD 05 012

CITY OF HUNTINGTON BEACH REQUEST FOR COUNCIL ACTION

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: PENELOPE CULBRETH-GRAFT, City Administrator *Penelope Culbreth Graft*

PREPARED BY: DUANE S. OLSON, Fire Chief *DSO*

SUBJECT: RENEWAL OF AMENDMENT TO AGREEMENT FOR ENVIRONMENTAL CONSULTING FOR THE PACIFIC CITY PROJECT

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: At the June 7, 2004, City Council meeting, an agreement for environmental consulting for the Pacific City Project was approved. It established reimbursement to the City for third-party costs related to oversight of the soil remediation site activities. This condition of approval is contained in conditional use permit number 02-20. Attached is amendment to the agreement between the City and GeoSyntec, Inc., to provide oversight services. This amendment provides additional funding for third-party oversight activities at the Pacific City Project site.

Funding Source: Funding for this work is available in the Fire Prevention business unit professional services account (10065201.69365). As a condition of approval for the Pacific City Project, the developer, Makallon Atlanta Huntington Beach, LLC, is required to reimburse the City for all costs submitted by the third-party consultant for the soil remediation activities at the site.

Recommended Action: MOTION TO:

Approve and authorize the Mayor and City Clerk to execute the attached amendment to the agreement with GeoSyntec, Inc.; and, authorize an expenditure of \$50,000.

Alternative Action(s): Do not approve the amendment to the third-party agreement with GeoSyntec, Inc., and instruct staff on how to proceed regarding the condition of approval.

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REQUEST FOR COUNCIL ACTION

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Analysis: The Pacific City project is a mixed-use development consisting of commercial development and multi-family residential housing. The future development areas consist of approximately 34 acres of land bounded to the south by Pacific Coast Highway, to the north by Atlanta Avenue, to the west by First Street, and to the east by Huntington Street.

The former uses of the property have included an oil production area, a trailer park, a railroad spur, a lumberyard, a hotel constructed in 1960, and possibly some utility transformers. There is an 18" waterline that traverses the property that has been abandoned and removed. There remains contaminated soil on the site that does not meet City specifications.

The city of Huntington Beach is the agency responsible for insuring the appropriate remediation of the site. Chevron Corporation is primarily responsible for clean up and Makallon Atlanta HB, LLC, is the proposed developer. Currently, Chevron Corporation has contracted with Blasland, Bouck and Lee, Inc., (BBL) to perform the site assessment and remediation activities. In addition, Makallon Atlanta HB, LLC has employed other subcontractors to assist in the remediation process.

At the April 27, 2004, Planning Commission meeting, a third-party environmental consultant, GeoSyntec, Inc., was selected by City staff to provide soil remediation oversight as a condition of approval for the project. On June 7, 2004, the City entered into an agreement with GeoSyntec to perform the required third-party environmental oversight activities. The original agreement appropriated \$70,000 for these activities. At this time, an amendment to the agreement is being presented to increase the authorized amount by \$50,000.

The soil remediation activities on the Pacific City Project site continue and are scheduled to be completed within the next few months. The costs for remediation oversight are exceeding the initial estimates due to unanticipated lead-impacted soil removal that was required at the site. GeoSyntec, Inc. estimates its costs for the remaining environmental oversight activities will not exceed \$50,000.

The consultant will ensure that the quality of the remediation process being performed by Chevron and other environmental contractors meets all City specifications and standards.

Funding for the third-party environmental consultant is available in the Fire Department Fire Prevention business unit professional services account (10065201.69365). A separate agreement with Makallon Atlanta Huntington Beach, LLC, the developer for the project, provides for reimbursement of all costs associated with soil remediation site activities. The agreement is contained in the language of the approved conditional use permit 02-20. Ultimately, there will be no cost to the City.

GeoSyntec, Inc., submitted a Certificate of Insurance to the City. They requested, and the City waived the liability deductible and cancellation clause language in the certificate. They are not able to meet the City's insurance requirements for these two areas (Attachment 2).

REQUEST FOR COUNCIL ACTION

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Environmental Status: The scope of work referenced above resulted from federal, state, and local requirements to remediate contaminated soils prior to the development of the Pacific City Project. Site closure depends on proper remediation in compliance with these specifications.

Attachment(s):

City Clerk's Page Number	No.	Description
4	1.	Amendment No. 1 to Agreement between the City of Huntington Beach and Geosyntec Consultants, Inc. for Environmental Consulting Services
8	2.	Insurance Waiver and Certificate of Insurance

RCA Author: Engberg/Justen/Olson

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ATTACHMENT #1

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AMENDMENT NO. 1 TO AGREEMENT BETWEEN
THE CITY OF HUNTINGTON BEACH AND
GEOSYNTEC CONSULTANTS, INC. FOR
ENVIRONMENTAL CONSULTING SERVICES

THIS AMENDMENT is made and entered into by and between the CITY OF HUNTINGTON BEACH, a California municipal corporation, hereinafter referred to as "City", and GEOSYNTEC CONSULTANTS, INC., a California corporation, hereinafter referred to as "Consultant".

WHEREAS, City and Consultant are parties to that certain agreement, dated June 7, 2004, entitled "Professional Services Contract Between the City of Huntington Beach and Geosyntec Consultants, Inc. for Environmental Consulting Services" which agreement shall hereinafter be referred to as the "Original Agreement," and

City and Consultant wish to amend the Original Agreement to extend the Term and set forth additional work and the additional compensation to be paid in consideration thereof,

NOW, THEREFORE, it is agreed by City and Consultant as follows:

1. EXTENSION OF TERM

The Term of the Original Agreement is hereby extended for an additional one-year period. The Original Agreement shall now expire on September 1, 2006.

2. STATEMENT OF ADDITIONAL WORK;
ADDITIONAL COMPENSATION

The purpose of this extension is to allow Consultant to perform all duties, tasks and obligations, as set forth in the Original Agreement. Since execution of the Original Agreement, remediation activities are exceeding the initial estimate because of unanticipated lead-impacted soil. In consideration of the performance of these additional services, City agrees to pay Consultant an additional fee not to exceed Fifty Thousand Dollars (\$50,000.00).

3. REAFFIRMATION

Except as specifically modified herein, all other terms and conditions of the Original Agreement shall remain in full force and effect.

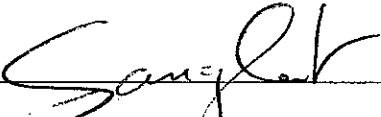
E-1.5

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their authorized officers on _____.

GEOSYNTEC CONSULTANTS, INC, a
California corporation

CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of
California

By: _____



THIERRY-R. SANGLERAT

print name

ITS: (circle one) Chairman/President Vice President

Mayor

City Clerk

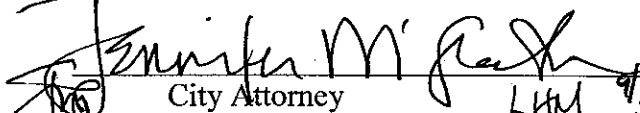
AND

By: _____

print name

ITS: (circle one) Secretary/Chief Financial
Officer/Asst. Secretary - Treasurer

APPROVED AS TO FORM:



City Attorney

9/12/05

LHM 9/19/05
9-8-06 105

INITIATED AND APPROVED



Fire Chief

REVIEWED AND APPROVED:



City Administrator

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their authorized officers on _____.

GEOSYNTEC CONSULTANTS, INC, a
California corporation

CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of
California

By: _____

Mayor

print name

ITS: (circle one) Chairman/President/Vice President

City Clerk

AND

APPROVED AS TO FORM:

By: _____

Law S. Dickinson

print name

ITS: (circle one) Secretary/Chief Financial
Officer/Asst. Secretary - Treasurer

[Signature]

City Attorney

INITIATED AND APPROVED

[Signature]

Fire Chief

REVIEWED AND APPROVED:

City Administrator

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ATTACHMENT #2



INSURANCE AND INDEMNIFICATION WAIVER MODIFICATION REQUEST

1. Requested by: Fire Department
2. Date: August 24, 2005
3. Name of contractor/permittee: GeoSyntech
4. Description of work to be performed: Environmental Consulting for Pacific City Project
5. Value and length of contract: \$30,000
6. Waiver/modification request: Professional Liability Deductible of \$100,000
7. Reason for request and why it should be granted: Company is able to absorb any risk, per the attached financial statement
8. Identify the risks to the City in approving this waiver/modification: Slightly increased risk

Department Head Signature

08/24/05

Date:

APPROVALS

Approvals must be obtained in the order listed on this form. Two approvals are required for a request to be granted. Approval from the City Administrator's Office is only required if Risk Management and the City Attorney's Office disagree.

1. Risk Management

☒ Approved ☐ Denied

Signature

9/7/05
Date

2. City Attorney's Office

☒ Approved ☐ Denied

Signature

9/12/05
Date

3. City Administrator's Office

☒ Approved ☐ Denied

Signature

9-21-05
Date

If approved, the completed waiver/modification request is to be submitted to the City Attorney's Office along with the contract for approval. Once the contract has been approved, this form is to be filed with the Risk Management Division of Administrative Services

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MARSH		CERTIFICATE OF INSURANCE		CERTIFICATE NUMBER ATL-000950746-23	
PRODUCER Marsh USA Inc. 1560 Sawgrass Corporate Pkwy. Suite 300 Sunrise, FL 33345-9010 Attn: Fax: 212-948-0512 FlLauderdale.certs@marsh.com		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.			
S81127-ALL-CAS3-05-06 HUNTI		COMPANIES AFFORDING COVERAGE			
INSURED GEOSYNTEC CONSULTANTS, INC. 5901 BROKEN SOUND PARKWAY NW, SUITE 300 BOCA RATON, FL 33487-2775		COMPANY A COMMERCE AND INDUSTRY INSURANCE COMPANY			
		COMPANY B AMERICAN INTERNATIONAL SPECIALTY LINES			
		COMPANY C			
		COMPANY D			
COVERAGES This certificate supersedes and replaces any previously issued certificate for the policy period noted below.					
THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	GL4178618	09/01/05	09/01/06	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> Contr Liab/Per Proj Aggregate				FIRE DAMAGE (Any one fire) \$ 100,000
	<input checked="" type="checkbox"/> SIR: 100,000				MED EXP (Any one person) \$ 25,000
A	AUTOMOBILE LIABILITY	CA5053937 (AOS) CA1955450 (TX) CA1955451 (MA)	09/01/05	09/01/06	COMBINED SINGLE LIMIT \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input checked="" type="checkbox"/> HIRED AUTOS				
<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY:
				EACH ACCIDENT \$	
				AGGREGATE \$	
B	EXCESS LIABILITY	BE8085625	09/01/05	09/01/06	EACH OCCURRENCE \$ 10,000,000
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE \$ 10,000,000
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				SIR: \$ 10,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	9682856 (AOS) 9682857 (CA) WC9682858 (NJ)	09/01/05	09/01/06	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH ER
	<input type="checkbox"/> THE PROPRIETOR/PARTNER/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL EACH ACCIDENT \$ 1,000,000
					EL DISEASE-POLICY LIMIT \$ 1,000,000
					EL DISEASE-EACH EMPLOYEE \$ 1,000,000
B	Prof. Liability	195-19-04	09/01/05	09/01/06	Each Claim / Aggregate 5,000,000
					SIR: Each Claim 300,000
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS CITY OF HUNTINGTON BEACH, ITS AGENTS, OFFICERS AND EMPLOYEES ARE INCLUDED AS ADDITIONAL INSURED WHERE REQUIRED BY WRITTEN CONTRACT, EXCEPT FOR WORKERS COMPENSATION.					
CERTIFICATE HOLDER CITY OF HUNTINGTON BEACH ATTN: ERIC ENGBERG/KEVIN JUSTIN 2000 MAIN STREET HUNTINGTON BEACH, CA 92648			CANCELLATION SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL, BY REGISTERED MAIL, 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN.		
			MARSH USA INC. by: Frances Sigurani <i>Frances Sigurani</i> JHM1(3/02) VALID AS OF: 09/01/05		

III-1,10

11-23-2004 10:19 From-MARSH USA INC

8548383700

T-285 P.003/003 F-827

ENDORSEMENT

This endorsement, effective 12:01 A.M. 09/01/2004 forms a part of

policy No. GL 417-86-18 issued to GEOSYNTEC CONSULTANTS, INC

by COMMERCE AND INDUSTRY INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - WHERE REQUIRED UNDER CONTRACT OR AGREEMENT

This endorsement modifies insurance provided under the following:

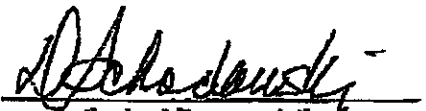
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Section II - Who is an Insured, 1., is amended to add:

THE CITY OF HUNTINGTON BEACH, ITS AGENTS, OFFICERS AND EMPLOYEES AS ADDITIONAL IN

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61712 (9/01) **Archive Copy**


Authorized Representative or
CounterSignature (in States Where
Applicable)

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Geosyntec Consultants, Inc.
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of GeoSyntec Consultants, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for the years ended December 31, 2004, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GeoSyntec Consultants, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years ended December 31, 2004, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 23, 2005

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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GEOSYNTEC CONSULTANTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

ASSETS	<u>2004</u>	<u>2003</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$11,901,871	\$10,873,290
Securities Available for Sale	1,959,384	1,757,643
Contracts Receivable	16,322,269	13,087,619
Costs and Estimated Earnings in Excess of Billings on Contracts in Process	9,869,354	8,221,354
Income Tax Refunds Receivable	1,124,784	1,508,645
Prepaid Insurance	886,308	804,552
Other	<u>778,292</u>	<u>252,525</u>
Total Current Assets	<u>42,842,262</u>	<u>36,505,628</u>
<u>Property and Equipment</u>		
Leasehold Improvements	717,794	492,697
Machinery and Equipment	1,004,131	945,109
Vehicles	835,029	768,820
Office Equipment	2,208,941	2,010,470
Computers	6,014,762	5,457,142
Furniture and Fixtures	<u>671,529</u>	<u>425,353</u>
	11,452,186	10,099,591
Less Accumulated Depreciation and Amortization	<u>(8,130,504)</u>	<u>(6,584,485)</u>
Net Property and Equipment	<u>3,321,682</u>	<u>3,515,106</u>
<u>Other Assets</u>		
Deposits	260,708	258,823
Deferred Income Taxes	510,036	-
Long Term Receivables	33,262	51,378
Other Assets	<u>67,192</u>	<u>80,383</u>
Total Other Assets	<u>871,198</u>	<u>390,584</u>
 TOTAL ASSETS	 <u><u>\$ 47,035,142</u></u>	 <u><u>\$ 40,411,318</u></u>

The Accompanying Notes Are An Integral
Part of These Consolidated Financial Statements.

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GEOSYNTEC CONSULTANTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2004 AND 2003
(CONTINUED)

LIABILITIES AND SHAREHOLDERS' EQUITY	2004	2003
<u>Current Liabilities</u>		
Accounts Payable	\$ 6,111,915	\$ 5,405,177
Accrued Expenses	4,905,906	6,944,115
Deferred Income Taxes	7,192,846	3,322,708
Notes Payable to Related Parties, Current Maturities	409,674	502,053
Current Maturities of Other Installment Notes and Obligations Under Capital Leases	1,231,489	1,265,544
Billings in Excess of Costs and Estimated Earnings on Contracts in Process	<u>2,778,525</u>	<u>1,587,142</u>
Total Current Liabilities	<u>22,630,355</u>	<u>19,026,739</u>
<u>Long-Term Liabilities</u>		
Notes Payable to Related Parties, Less Current Maturities	1,544,309	1,582,355
Other Installment Notes and Obligations Under Capital Leases, Less Current Maturities	550,254	874,535
Deferred Income Taxes	-	266,432
Accrued Expense for Scheduled Rent Increases	<u>365,797</u>	<u>149,598</u>
Total Long-Term Liabilities	<u>2,460,360</u>	<u>2,872,920</u>
Total Liabilities	<u>25,090,715</u>	<u>21,899,659</u>
<u>Commitments and Contingencies (Notes 5, 7, 11, 12 and 16)</u>		
<u>Shareholders' Equity</u>		
Common Stock, \$0.01 par value, 2,000,000 Shares Authorized: 1,155,334 and 1,166,555 Shares Issued and Outstanding in 2004 and 2003, respectively, at Par Value	11,553	11,666
Additional Paid-In Capital	10,739,638	9,215,378
Stock Subscriptions Receivable	<u>(1,864,922)</u>	<u>(1,922,455)</u>
Total Paid-In Capital	8,886,269	7,304,589
Retained Earnings	13,047,866	11,156,484
Accumulated Other Comprehensive Income	<u>10,292</u>	<u>50,586</u>
Total Shareholders' Equity	<u>21,944,427</u>	<u>18,511,659</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 47,035,142</u></u>	<u><u>\$ 40,411,318</u></u>

The Accompanying Notes Are An Integral
Part of These Consolidated Financial Statements.

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GEOSYNTEC CONSULTANTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Operating Revenues</u>			
Professional Service Fees	\$62,196,620	\$53,576,381	\$42,309,620
Subcontractors and Other Direct Costs, at Reimbursable Value	<u>26,927,606</u>	<u>29,913,075</u>	<u>19,789,590</u>
Gross Revenue	89,124,226	83,489,456	62,099,210
Subcontractors and Other Direct Expenses, at Cost	<u>(26,087,815)</u>	<u>(28,275,512)</u>	<u>(16,895,766)</u>
Net Revenues	<u>63,036,411</u>	<u>55,213,944</u>	<u>45,203,444</u>
<u>Operating Costs and Expenses</u>			
Direct Labor	18,500,989	15,702,374	12,886,384
Indirect Overhead and General and Administrative Expenses	<u>38,954,316</u>	<u>34,026,156</u>	<u>29,282,988</u>
Total Operating Costs and Expenses	<u>57,455,305</u>	<u>49,728,530</u>	<u>42,169,372</u>
Income From Operations	<u>5,581,106</u>	<u>5,485,414</u>	<u>3,034,072</u>
<u>Other Income (Expense)</u>			
Investment Income	182,446	104,766	124,418
Interest Expense	(196,098)	(211,621)	(185,949)
Other Income (Expense)	<u>376,444</u>	<u>(63,439)</u>	<u>67,223</u>
Total Other Income (Expense)	<u>362,792</u>	<u>(170,294)</u>	<u>5,692</u>
Income Before Income Taxes	5,943,898	5,315,120	3,039,764
Provision for Income Taxes	<u>2,958,058</u>	<u>1,639,596</u>	<u>1,090,344</u>
NET INCOME	<u>\$ 2,985,840</u>	<u>\$ 3,675,524</u>	<u>\$ 1,949,420</u>

The Accompanying Notes Are An Integral
Part of These Consolidated Financial Statements.

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